

Attorney Docket: YO999-527

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Patent Application

Applicant(s): Tetsunosuke Fujisaki
Docket No.: YO999-527
Serial No.: 09/710,999
Filing Date: November 9, 2000
Group: 3624
Examiner: Narayanswamy Subramanian

I hereby certify that this paper is being deposited on this date with the U.S. Postal Service as first class mail addressed to the Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450

Signature: John Maurio Date: May 16, 2005

Title: Method and Apparatus for Network Marketing of Financial Securities

TRANSMITTAL OF APPEAL BRIEF

Mail Stop Appeal Brief - Patents
Commissioner of Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

Submitted herewith are the following documents relating to the above-identified patent application:

1. Appeal Brief; and
2. Copy of Notice of Appeal, filed on March 9, 2005, with copy of stamped return postcard indicating receipt of Notice by PTO on March 14, 2005.

There is an additional fee of \$500 due in conjunction with this submission under 37 CFR §1.17(c). Please charge **IBM Corporation's Deposit Account No. 50-0510** the amount of \$500 to cover this fee. In the event of non-payment or improper payment of a required fee, the Commissioner is authorized to charge or to credit **IBM Corporation's Deposit Account No. 50-0510** as required to correct the error. A duplicate copy of this letter is enclosed.

Respectfully,

Kevin M. Mason

Date: May 16, 2005

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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Patent Application

5 Applicant(s): Tetsunosuke Fujisaki
Docket No.: YO999527
Serial No.: 09/710,999
Filing Date: November 9, 2000
Group: 3624
10 Examiner: Narayanswamy Subramanian

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Signature: *Vincent M. Murray* Date: May 16, 2005

Title: Method and Apparatus for Network Marketing of Financial Securities

15

APPEAL BRIEF

Mail Stop Appeal Brief - Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

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Applicants hereby appeal the final rejection dated December 20, 2004, of claims 1-5, 17-21, and 32 of the above-identified patent application.

REAL PARTY IN INTEREST

25

The present application is assigned to International Business Machines Corporation, as evidenced by an assignment recorded on April 17, 2001 in the United States Patent and Trademark Office at Reel 011706, Frame 0713. The assignee, International Business Machines Corporation, is the real party in interest.

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RELATED APPEALS AND INTERFERENCES

There are no related appeals or interferences.

STATUS OF CLAIMS

The present application was filed on November 9, 2000 with claims 1
35 through 35. Claims 6-16, 22-31, and 33-36 were cancelled in the Amendment and Response to Office Action dated October 14, 2004. Claims 1-5, 17-21, and 32 are

presently pending in the above-identified patent application. Claims 1-5 remain rejected under 35 U.S.C. §101 because they are directed to non-statutory subject matter. Claims 17-21 remain rejected under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention, and claims 1-5, 17-21, and 32 remain rejected under 35 U.S.C. §103(a) as being unpatentable over Woolston (United States Patent Number 6,266,651 B1) in view of Silverman et al. (United States Patent Number 5,924,082).

STATUS OF AMENDMENTS

There have been no amendments filed subsequent to the final rejection.

SUMMARY OF CLAIMED SUBJECT MATTER

The present invention is directed to a centralized financial market management system and method that permit individual investors to trade over a network (page 6, lines 13-25). The disclosed centralized financial market management system automatically identifies bids that are in proximity to one another and permits participants to negotiate directly in order to consummate a transaction (page 9, lines 1-16). The disclosed centralized financial market management system permits each participant in the financial security trading market to have a unique definition of its market structure. A participant can establish various market segments, each corresponding to a group of other market participants, within the push market where bids are posted (page 6, line 26, to page 8, line 26). Thus, the submitter of a bid (buy or sell) can narrowly focus the bid on select market participants (page 7, line 22, to page 8, line 2). A large transaction (buy or sell) can be divided by the bid submitter into smaller units and divided over a number of market segments (page 8, lines 3-9).

STATEMENT OF GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL

Claims 1-5 are rejected under 35 U.S.C. §101 because they are directed to non-statutory subject matter. Claims 17-21 are rejected under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Claims 1-5, 17-21, and 32 are

properly rejected under 35 U.S.C. §103(a) as being unpatentable over Woolston in view of Silverman et al.

ARGUMENT

5 Section 101 Rejections

Claims 1-5 are rejected under 35 U.S.C. §101 because they are directed to non-statutory subject matter. Regarding claim 1, the Examiner asserts that the claim is drawn to a method for processing transactions involving financial securities that is not tied to any technological art and because they lack any recitation of technology in the
10 body of the claims (citing *Ex Parte Bowman*, 61 USPQ2d 1669, 1671 (Bd. Pat. App. & Inter. 2001, but recognizing that this case is not precedential).

The Invention Accomplishes a Practical Application

Claim 1 is directed to a method for *processing transactions* involving financial securities in a secondary market and is directed to the technological arts.
15 Applicant also notes that the Supreme Court has stated that the "[t]ransformation and reduction of an article 'to a different state or thing' is the clue to patentability of a process claim." *Gottshalk v. Benson*, 409 U.S. 63, 70, 175 U.S.P.Q. (BNA) 676 (1972). In other words, claims that require some kind of transformation of subject matter, which has been held to include intangible subject matter, such as data or signals, that are representative of
20 or constitute physical activity or objects have been held to comply with Section 101. *See, for example, In re Warmerdam*, 31 U.S.P.Q.2d (BNA) 1754, 1759 n.5 (Fed. Cir. 1994) or *In re Schrader*, 22 F.3d 290, 295, 30 U.S.P.Q.2d (BNA) 1455, 1459 n.12 (Fed. Cir. 1994).

The cited claims require the posting of a received bid only to authorized
25 market segments. This transformation to post bids in this manner is a useful, concrete, and tangible result. See, e.g., USPTO Examination Guidelines for Computer-Related Inventions," (hereinafter, "Guidelines") § II. A.

Statutory Process Claims

The Guidelines establish that "[t]o be statutory, a claimed computer-
30 related process must **either**: (A) result in a physical transformation outside the computer for which a practical application in the technological arts is either disclosed in the

specification or would have been known to a skilled artisan (discussed in i) below), or (B) be limited to a practical application within the technological arts (discussed in ii) below). Guidelines, § IV(2)(b). The Examiner has considered only the second portion of this test.

The claimed process clearly results in a physical transformation outside of a computer for which a practical application in the technological arts is either disclosed in the specification or would have been apparent to a person of ordinary skill in the art. Again, the cited claims require the *posting* of a received bid only to authorized market segments. Further, the receiving and posting steps are clearly physical steps recited in the body of the claim.

Thus, Applicant submits that each of the claims 1-5 are in full compliance with 35 U.S.C. §101, and accordingly, respectfully requests that the rejection under 35 U.S.C. §101 be withdrawn.

Section 112 Rejections

Claims 17-21 are rejected under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Regarding claim 17, the Examiner notes that claim 17 recites in the preamble “system for processing transactions involving financial securities” and asserts that it is not clear if the claimed invention is a method or an apparatus.

Claim 17 is clearly directed to a system. Contrary to the Examiner’s assertion, Applicant maintains that the cited claim is definite and distinctly claims the subject matter which applicant regards as the invention.

Claims 1, 2, 17, 18, and 32

Claims 1, 2, 17, 18, and 32 are rejected under 35 U.S.C. §103(a) as being unpatentable over Woolston in view of Silverman et al. Regarding claims 1, 17, and 32, the Examiner notes that Woolston teaches establishing a plurality of market segments in said secondary market (col. 1, lines 51-67, the tiers constitute the market segments and used goods imply secondary markets) and that both Woolston and Silverman are concerned with the problem of processing transactions involving two parties. Regarding claims 2 and 18, the Examiner asserts that Woolston teaches the step of preventing said bid from being posted to market participants not in said one or more authorized market

segments (Woolston: claims 5 and 18). In the Response to Arguments section of the final Office Action, the Examiner asserts that the secondary markets for very illiquid securities are no different from the secondary markets for used and collectible goods.

Applicant notes that Woolston is directed to a two-tiered electronic market system for bidding on used and collectible goods (col. 1, lines 43-56). The present invention, on the other hand, is directed to bidding for *financial securities in a secondary market*. Applicant notes that the application of the known techniques cited in Woolston to secondary financial markets is not obvious. In fact, the secondary market for financial securities is ***substantially different*** from the marketplace for used and collectible goods disclosed by Woolston, as would be apparent to a person of ordinary skill in the art. For example, the secondary market for financial securities is characterized by price fluctuations that make it difficult to post bids and, since each financial security typically has its own set of requirements and risks, the evaluation and comparison of two different securities is nearly impossible. Regarding the Examiner's assertion that the secondary markets for very illiquid securities are no different from the secondary markets for used and collectible goods, Applicants note that the secondary market for used and collectible goods *are* similar, **in some respects**, to very illiquid securities. The fact that the secondary market for used and collectible goods are very illiquid reduces the requirements for a bidding system. Thus, while it may be argued that all financial securities are not necessarily liquid, the fact that some, or most, of financial securities are liquid means that the requirements for the bidding system are more stringent than the bidding system for the secondary market for used and collectible goods.

Furthermore, Woolston defines market segments along the lines of wholesale, retail, etc. (see, Abstract). The present invention defines a market segment as "a group of other market participants to which the respective ***market participant is willing to announce its bids.***" (Page 4, lines 18-20; emphasis added.) Thus, the segments defined by Woolston are ***not*** the same type of segments defined by the present invention. Independent claims 1, 17, and 32 require establishing a plurality of market *segments* in a *secondary market* for bidding on *financial securities*, receiving a bid for one or more financial securities, said bid including one or more *authorized market segments*; and posting said bid only to said one or more *authorized market segments*. Claims 2 and 18

require the step of preventing said bid from being posted to market participants not in said one or more *authorized market segments*.

Thus, Woolston does not disclose or suggest establishing a plurality of market segments in a secondary market, receiving a bid for one or more financial securities, said bid including one or more authorized market segments; and posting said bid only to said one or more authorized market segments, as required by independent claims 1, 17, and 32, and does not disclose or suggest the step of preventing said bid from being posted to market participants not in said one or more authorized market segments, as required by claims 2 and 18.

Claims 3 and 19

Claims 3 and 19 are rejected under 35 U.S.C. §103(a) as being unpatentable over Woolston in view of Silverman et al. Regarding claims 3 and 19, the Examiner asserts that Woolston discloses the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid (Woolston: claim 35).

Applicants note that Woolston teaches to selectively *displace the current retail bid amount* if the *received wholesale bid increased by a predetermined amount is greater than the current retail bid* (Woolston: claim 35). Woolston may teach to displace a current bid based on a received bid; Woolston, however, does *not identify bids* that are in *proximity* to said received bid. Claims 3 and 19 require the step of comparing said bid to other pending bids to *identify pending bids* that are in proximity to said received bid.

Thus, Woolston does not disclose or suggest the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid, as required by claims 3 and 19.

Additional Cited References

Silverman et al. were also cited by the Examiner for its disclosure of the step of establishing a communication channel between entities associated with two bids that are in proximity. Silverman is directed to a matching system that uses trading and ranking information from each user to identify transactions between counterparties that are mutually acceptable based on the ranking information, thereby matching potential

counterparties to a transaction. (See, Abstract.) Silverman does not address the issue of establishing a plurality of market segments in a secondary market for financial securities.

Thus, Silverman et al. does not disclose or suggest establishing a plurality of market segments in a secondary market, receiving a bid for one or more financial securities, said bid including one or more authorized market segments; and posting said bid only to said one or more authorized market segments, as required by independent claims 1, 17, and 32, does not disclose or suggest the step of preventing said bid from being posted to market participants not in said one or more authorized market segments, as required by claims 2 and 18, and does not disclose or suggest the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid, as required by claims 3 and 19.

Conclusion

The rejections of the cited claims under section §103 in view of Woolston or Silverman et al., alone or in combination, are therefore believed to be improper and should be withdrawn. The remaining rejected dependent claims are believed allowable
5 for at least the reasons identified above with respect to the independent claims.

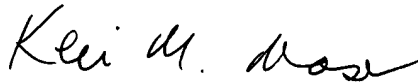
The attention of the Examiner and the Appeal Board to this matter is appreciated.

Respectfully,

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Date: May 16, 2005

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APPENDIX

1. A method for processing transactions involving financial securities in a secondary market, said method comprising the steps of:

5 establishing a plurality of market segments in said secondary market, each of said market segments having at least one market participant;

receiving a bid for one or more financial securities, said bid including one or more authorized market segments; and

posting said bid only to said one or more authorized market segments.

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2. The method of claim 1, further comprising the step of preventing said bid from being posted to market participants not in said one or more authorized market segments.

15

3. The method of claim 1, further comprising the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid.

20

4. The method of claim 1, further comprising the step of establishing a communication channel between entities associated with two bids that are in proximity.

5. The method of claim 4, wherein two bids are in proximity if they have parameters that are within a given threshold of each other.

25

6. (Cancelled)

7. (Cancelled)

8. (Cancelled)

30

9. (Cancelled)

10. (Cancelled)

11. (Cancelled)

5 12. (Cancelled)

13. (Cancelled)

14. (Cancelled)

10

15. (Cancelled)

16. (Cancelled)

15 17. A system for processing transactions involving financial securities
in a secondary market, comprising:

a memory that stores computer-readable code; and

a processor operatively coupled to said memory, said processor configured
to implement said computer-readable code, said computer-readable code configured to:

20 establish a plurality of market segments in said secondary market, each of
said market segments having at least one market participant;

receive a bid for one or more financial securities, said bid including one or
more authorized market segments; and

post said bid only to said one or more authorized market segments.

25

18. The system of claim 17, wherein said processor is further
configured to prevent said bid from being posted to market participants not in said one or
more authorized market segments.

19. The system of claim 17, wherein said processor is further configured to compare said bid to other pending bids to identify pending bids that are in proximity to said received bid.

5 20. The system of claim 17, wherein said processor is further configured to establish a communication channel between entities associated with two bids that are in proximity.

21. The system of claim 20, wherein two bids are in proximity if they
10 have parameters that are within a given threshold of each other.

22. (Cancelled)

23. (Cancelled)

15

24. (Cancelled)

25. (Cancelled)

20

26. (Cancelled)

27. (Cancelled)

28. (Cancelled)

25

29. (Cancelled)

30. (Cancelled)

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31. (Cancelled)

32. An article of manufacture processing transactions involving financial securities in a secondary market, comprising:

a computer readable medium having computer readable code means embodied thereon, said computer readable program code means comprising:

5 a step to establish a plurality of market segments in said secondary market, each of said market segments having at least one market participant;

a step to receive a bid for one or more financial securities, said bid including one or more authorized market segments; and

10 a step to post said bid only to said one or more authorized market segments.

33. (Cancelled)

34. (Cancelled)

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35. (Cancelled)

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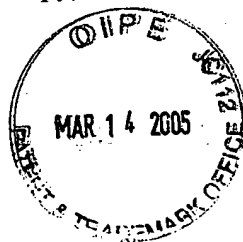


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Receipt in the USPTO is hereby acknowledged of:

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Transmittal Letter - (Original & 1 copy)
Notice of Appeal - (Original & 1 copy)



March 9, 2005
Serial No.: 09/710,999
YO999-527
1500-120 (KMM)

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**NOTICE OF APPEAL FROM THE EXAMINER TO THE
BOARD OF PATENT APPEALS AND INTERFERENCES**

Docket Number (Optional)

YO999-527

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Signature

Typed or printed name

Tina Maurice

In re Application of

Tetsunosuke Fujisaki

Application Number

09/710,999

Filed

November 9, 2000

For Method and Apparatus for Network
Marketing of Financial Securities

Group Art Unit

3624

Examiner

N. Subramanian

Applicant hereby **appeals** to the Board of Patent Appeals and Interferences from the last decision of the examiner.

The fee for this Notice of Appeal is (37 CFR 1.17(b))

\$ 500.00

- ☐ Applicant claims small entity status. See 37 CFR 1.27. Therefore, the fee shown above is reduced by half, and the resulting fee is: \$ _____
- ☐ A check in the amount of the fee is enclosed.
- ☐ Payment by credit card. Form PTO-2038 is attached.
- ☐ The Commissioner has already been authorized to charge fees in this application to a Deposit Account. I have enclosed a duplicate copy of this sheet.
- ☒ The Commissioner is hereby authorized to charge any fees which may be required, or credit any overpayment to Deposit Account No. 50-0510. I have enclosed a duplicate copy of this sheet.
- ☐ A petition for an extension of time under 37 CFR 1.136(a) (PTO/SB/22) is enclosed.

WARNING: Information on this form may become public. Credit card information should not be included on this form. Provide credit card information and authorization on PTO-2038.

I am the

- ☐ applicant/inventor.
- ☐ assignee of record of the entire interest.
See 37 CFR 3.71. Statement under 37 CFR 3.73(b) is enclosed. (Form PTO/SB/96)
- ☒ attorney or agent of record.
- ☐ attorney or agent acting under 37 CFR 1.34(a).
Registration number if acting under 37 CFR 1.34(a): _____

Kevin M. Mason
Signature

Kevin M. Mason
Typed or printed name

March 9, 2005
Date

NOTE: Signatures of all the inventors or assignees of record of the entire interest or their representative(s) are required. Submit multiple forms if more than one signature is required, see below*.

☐ *Total of 1 forms are submitted.

Burden Hour Statement: This form is estimated to take 0.2 hours to complete. Time will vary depending upon the needs of the individual case. Any comments on the amount of time you are required to complete this form should be sent to the Chief Information Officer, U.S. Patent and Trademark Office, Washington, DC 20231. DO NOT SEND FEES OR COMPLETED FORMS TO THIS ADDRESS. SEND TO: Assistant Commissioner for Patents, Washington, DC 20231.